

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 PA-02 PRS-01 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 9462

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: PRESS COMMENT ON PRESIDENT CARTER'S STATEMENT ON

U.S. BALANCE OF PAYMENTS POLICIES

REF: STATE 304567

1. SUMMARY. ITALIAN PRESS FEATURED MOST PROMINENTLY LAST PARAGRAPH OF PRESIDENT'S MESSAGE. ARTICLES GENERALLY HEADED BY ANNOUNCEMENT TO EFFECT THAT FROM NOW ON UNITED STATES WOULD INTERVENE TO SUPPORT THE DOLLAR. BODY OF ARTICLES GENERALLY REPORTED STATEMENT STRAIGHT AND NOTED CONSEQUENT STRENGTHENING OF DOLLAR ON EUROPEAN EXCHANGES. END SUMMARY.

2. "CORRIERE DELLA SERA" (MILAN) -- "CARTER'S 'HARRANGUE' GIVES OXYGEN TO THE DOLLAR." THE MILAN DAILY SAID CARTER HAD STRICLTY LINKED THE ENERGY AND MONETARY PROBLEMS AND QUOTED THE FINAL PARAGRAPH ON INTERVENTION POLICY WITHOUT COMMENT.

2. "LA STAMPA" (TURIN) -- "THE UNITED STATES IS NOW INTERVENING TO SUPPORT THE DOLLAR." THE SECOND LARGEST CIRCULATION ITALIAN DAILY SAID QUOTE THE UNITED STATES HAS ABANDONED ITS ATTITUDE OF "INDIFFERENCE," JOINING THE BATTLE AGAINST THE FORCES
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OF SPECULATION TO RESTORE ORDER TO THE EXCHANGE MARKETS. AT THE SAME TIME MEASURES WILL BE TAKEN TO REDUCE THE CURRENT ACCOUNT DEFICIT...UNQUOTE.

4. "IL SOLE/24 ORE" (MILAN) "-- "CARTER IS COMMITTED TO SUPPORT THE U.S. CURRENCY. THE UNITED STATES WILL DEFEND THE DOLLAR." ITALY'S PRINCIPAL FINANCIAL PAPER FURTHER REPORTED THAT QUOTE

AMERICAN TREASURY OFFICIALS SAID THAT PRESIDENT CARTER'S STATEMENT IS A CONFIRMATION AND CLARIFICATION OF U.S. INTERVENTION POLICY AND DOES NOT MEAN CHANGES IN THAT POLICY, WHICH IS CONNECTED TO THE DEGREE OF IRREGULARITY OF MARKET FLUCTUATIONS ... UNQUOTE.

5. "LA REPUBBLICA" (ROME) -- CARTER INTERVENES IN DEFENSE OF THE DOLLAR." IN A FRONT-PAGE STORY DATED NEW YORK, "LA REPUBBLICA'S" U.S. CORRESPONDENT RODOLFO BRANCOLI WROTE QUOTE WITH THIS STATEMENT (CARTER'S), AMERICA IMPLICITLY ADMITS FOR THE FIRST TIME OF HAVING CARRIED OUT, ESPECIALLY IN RECENT WEEKS, AN AGGRESSIVE DOLLAR POLICY WITH RESPECT TO THE STRONGER EUROPEAN CURRENCIES AND THE YEN... UNQUOTE. BRANCOLI FURTHER WROTE THAT QUOTE THE U.S. TREASURY HASTENED TO GLOSS OVER THE STATEMENT, STATING THAT IT DID NOT MEAN A SUBSTANTIAL "CHANGE" AND THAT THE U.S. DID NOT FORESEE "MASSIVE" ACTIONS IN SUPPORT OF THE DOLLAR. ON THE CONTRARY, UNDER SECRETARY SOLOMON REFUSED TO INDICATE AN "APPROPRIATE" LEVEL FOR THE DOLLAR AND TO DEFINE WHAT IS MEANT BY "DISORDERLY CONDITIONS" UNQUOTE.

6. COMMENT. ON THE ITALIAN EXCHANGE MARKET (DECEMBER 22), IN THE WAKE OF PRESIDENT CARTER'S STATEMENT THE LIRA DEPRECIATED A BIT AGAINST THE DOLLAR BUT APPRECIATED SLIGHTLY AGAINST THE OTHER EC CURRENCIES. GARDNER

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Disposition Comment:
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